

Conference Engrossed

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**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

CHAPTER 322

HOUSE BILL 2474

AN ACT

AMENDING SECTIONS 42-12052 AND 42-13002, ARIZONA REVISED STATUTES; RELATING
TO PROPERTY TAX CLASSIFICATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-12052, Arizona Revised Statutes, is amended to
3 read:

4 42-12052. Review and verification of class three property;
5 notice to owner; penalty; appeals

6 A. Each county assessor shall review assessment information, on a
7 continuing basis, to ensure proper classification of residential
8 dwellings. THE ASSESSOR MAY ENTER INTO INTERGOVERNMENTAL AGREEMENTS WITH THE
9 DEPARTMENT FOR AN EXCHANGE OF INFORMATION TO ENSURE A COORDINATED AND
10 COMPREHENSIVE REVIEW AND IDENTIFICATION OF PROPERTY THAT MAY BE RENTED WHILE
11 CLASSIFIED AS CLASS THREE PURSUANT TO SECTION 42-12003.

12 B. If the assessor has reason to believe that a parcel of property
13 that is classified as class three pursuant to section 42-12003 is being
14 rented, the assessor shall notify the owner, in a form prescribed by the
15 department AS PROVIDED BY SUBSECTION H OF THIS SECTION, and request that the
16 owner respond as to whether the property is occupied by the owner or is used
17 as a rental property. If the owner fails to respond to the assessor within
18 thirty days after the notice is mailed, the assessor shall mail the owner a
19 final notice requesting that the owner provide information as to whether or
20 not the property is occupied by the owner or used as a rental property.

21 C. If the owner fails to respond to the assessor within fifteen days
22 after the final notice is mailed, the assessor shall:

23 1. Reclassify the property as class four.

24 2. Notify the county treasurer who shall assess a CIVIL penalty
25 against the property equal to twice the amount of the property taxes that
26 would have been levied against the property if the property had been
27 classified as class four pursuant to section 42-12004 in the preceding tax
28 year.

29 D. The owner of the property shall pay a penalty under subsection C,
30 paragraph 2 of this section to the county treasurer within thirty days after
31 the notice of the penalty is mailed.

32 E. The owner may appeal the penalty to the county board of supervisors
33 within the time required for payment. If the owner proves to the board's
34 satisfaction that the property is occupied by the owner, the board shall
35 waive the penalty, and the property shall be listed as class three pursuant
36 to section 42-12003. Until paid or waived, the penalty constitutes a lien
37 against the property.

38 ~~E.~~ F. In addition to other appeal procedures provided by law, the
39 owner of property that is reclassified as class four under subsection C,
40 paragraph 1 of this section may appeal the reclassification to the county
41 board of supervisors within thirty days after the notice of classification is
42 mailed. If the owner proves to the board's satisfaction that the owner
43 occupies the property, the board shall order the property to be reclassified
44 as class three property pursuant to section 42-12003.

1 ~~F.~~ G. The county treasurer shall deposit all revenue received from
2 penalties assessed under this section in the county general fund.

3 ~~G.~~ H. The department shall:

4 1. Prescribe all forms used to notify property owners under this
5 section. The forms shall contain information as to CRITERIA FOR the
6 reclassification of property and the civil penalties that may result if the
7 owner fails to respond to the notice.

8 2. MONITOR AND REVIEW THE PROCEDURES AND PRACTICES USED BY ASSESSORS
9 AND TREASURERS TO ACCOMPLISH THE REVIEW AND VERIFICATION OF CLASS THREE
10 PROPERTY AND THE ASSESSMENT AND COLLECTION OF PENALTIES PRESCRIBED BY THIS
11 SECTION AND PROPOSE SUGGESTED IMPROVEMENTS TO ESTABLISH UNIFORM PROCESSES AND
12 PERFORMANCE AMONG THE COUNTIES.

13 Sec. 2. Section 42-13002, Arizona Revised Statutes, is amended to
14 read:

15 42-13002. Relationship between department and county assessors

16 A. The department shall:

17 1. Exercise general supervision over county assessors in administering
18 the property tax laws to ensure that all property is uniformly valued for
19 property tax purposes.

20 2. Prescribe forms to be used by county assessors for:

21 (a) Listing and valuing property for tax purposes.

22 (b) Reporting changes in valuations.

23 (c) Such other purposes as the department may require under this
24 title.

25 3. Assist county assessors:

26 (a) In maintaining uniform maps and records.

27 (b) In placing on the rolls the valuations determined under this
28 chapter.

29 (c) To assure a uniform valuation of all property throughout the state
30 for property tax purposes, including providing the services of department
31 personnel to the assessors. The department may charge to the county the
32 costs of department personnel provided to that county.

33 4. COMPILE AND REPORT TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND
34 THE SPEAKER OF THE HOUSE OF REPRESENTATIVES THE PROCESSES AND PROCEDURES USED
35 BY EACH COUNTY TO IDENTIFY AND RECLASSIFY PROPERTY THAT IS RENTED WHILE
36 CLASSIFIED AS CLASS THREE. THE REPORT SHALL BE SUBMITTED BY NOVEMBER 15 EACH
37 YEAR AND SHALL ALSO CONTAIN THE FOLLOWING INFORMATION:

38 (a) THE NUMBER OF PROPERTIES AND THE ASSESSED VALUATION OF PROPERTIES
39 RECLASSIFIED FROM CLASS THREE TO CLASS FOUR.

40 (b) THE AMOUNT OF PAYMENTS OF ADDITIONAL STATE AID TO EDUCATION
41 AVOIDED IN THE PREVIOUS FISCAL YEAR.

42 (c) RECOMMENDATIONS REGARDING IMPROVEMENTS TO ESTABLISH UNIFORM
43 PROCESSES AND PERFORMANCE AMONG THE COUNTIES.

44 B. THE DEPARTMENT MAY:

45 1. REQUIRE THE RECLASSIFICATION OF PROPERTY, IF NECESSARY.

1 2. REQUIRE INFORMATION FROM THE COUNTY ASSESSOR'S OFFICE AND THE
2 COUNTY TREASURER'S OFFICE TO VERIFY COMPLIANCE WITH THE PROCEDURES PRESCRIBED
3 BY SECTION 42-12052.

4 ~~B.~~ C. The director and county assessors shall meet at the state
5 capitol, or at a place designated by the director, at least twice each year
6 to consider matters relating to property taxation. The traveling expenses of
7 assessors in attending these meetings shall be paid by the respective
8 counties.

APPROVED BY THE GOVERNOR JUNE 15, 2006.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 15, 2006.